

6

**CONSULTING SERVICES AGREEMENT BETWEEN
THE CITY OF MILPITAS AND
CalRecovery, Inc.**

THIS AGREEMENT for consulting services is made by and between the City of Milpitas ("City") and CalRecovery, Inc. ("Consultant") as of March 7, 2006.

AGREEMENT

Section 1. SERVICES. Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in the Scope of Work attached as Exhibit A at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit A, the Agreement shall prevail.

- 1.1 **Term of Services.** The term of this Agreement shall begin on the date first noted above and shall end on June 30, 2006 the date of completion specified in Exhibit A, and Consultant shall complete all the work described in Exhibit A prior to that date, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Consultant to complete the services required by this Agreement shall not affect the City's right to terminate the Agreement, as provided for in Section 8.

Section 2. COMPENSATION. City hereby agrees to pay Consultant a guaranteed maximum price not to exceed \$ 44,890.00 for all services to be performed and reimbursable costs incurred under this Agreement. City shall pay Consultant for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from City to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all invoices to City in the manner specified herein. Except as specifically authorized by City, Consultant shall not bill City for duplicate services performed by more than one person.

Consultant and City acknowledge and agree that compensation paid by City to Consultant under this Agreement is based upon Consultant's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Consultant. Consequently, the parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Consultant and its employees, agents, and subcontractors may be eligible. City therefore has no responsibility for such contributions beyond compensation required under this Agreement.

- 2.1 **Total Payment.** City shall pay for the services to be rendered by Consultant pursuant to this Agreement. City shall not pay any additional sum for any expense or cost whatsoever incurred by Consultant in rendering services pursuant to this Agreement. City shall make no payment for any extra, further, or additional service pursuant to this Agreement.

In no event shall Consultant submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment.

- 2.2 **Hourly Fees.** Fees for work performed by Consultant on an hourly basis shall not exceed the amounts shown on Exhibit B.

- 2.3 **Reimbursable Expenses.** Reimbursable expenses are shown on Exhibit B, and shall not exceed (\$1,600). Expenses not listed in Exhibit B are not chargeable to City. Reimbursable expenses are included in the total not-to-exceed amount of compensation provided under this Agreement.

Section 3. INSURANCE REQUIREMENTS. Before beginning any work under this Agreement, Consultant shall procure "occurrence coverage" insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Consultant and its agents, representatives, employees, and subcontractors. Consultant shall provide proof satisfactory to City of such insurance

that meets the requirements of this section and under forms of insurance satisfactory in all respects to the City. Consultant shall maintain the insurance policies required by this section throughout the term of this Agreement and shall produce said policies to the City upon demand. The cost of such insurance shall be included in the Consultant's price. Consultant shall not allow any subcontractor to commence work on any subcontract until Consultant has obtained all insurance required herein for the subcontractor(s) and provided evidence thereof to City. Verification of the required insurance shall be submitted and made part of this Agreement prior to execution.

- 3.1 **Workers' Compensation.** Consultant shall, at its sole cost and expense, maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant. The Statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be provided with limits of not less than ONE MILLION DOLLARS (\$1,000,000.00) per accident. In the alternative, Consultant may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor Code. Determination of whether a self-insurance program meets the standards of the Labor Code shall be solely in the discretion of the City's Risk Manager. The insurer, if insurance is provided, or the Consultant, if a program of self-insurance is provided, shall waive all rights of subrogation against the City and its officers, officials, employees, and volunteers for loss arising from work performed under this Agreement.

An endorsement shall state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

3.2 **Commercial General and Automobile Liability Insurance.**

- 3.2.1 **General requirements.** Consultant, at its own cost and expense, shall maintain commercial general and automobile liability insurance for the term of this Agreement in an amount not less than ONE MILLION DOLLARS (\$1,000,000.00) per occurrence, combined single limit coverage for risks associated with the work contemplated by this Agreement. If a Commercial General Liability Insurance or an Automobile Liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from activities contemplated under this Agreement, including the use of owned and non-owned automobiles.

- 3.2.2 **Minimum scope of coverage.** Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 (ed. 11/88) or Insurance Services Office form number GL 0002 (ed. 1/73) covering comprehensive General Liability and Insurance Services Office form number GL 0404 covering Broad Form Comprehensive General Liability. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (ed. 12/90) Code 1 ("any auto"). No endorsement shall be attached limiting the coverage.

- 3.2.3 **Additional requirements.** Each of the following shall be included in the insurance coverage or added as an endorsement to the policy:

- a. City and its officers, employees, agents, contractors, consultants, and volunteers shall be covered as insureds with respect to each of the following: liability arising out of activities performed by or on behalf of Consultant, including the insured's general supervision of Consultant; products and completed operations of Consultant; premises owned, occupied, or used by Consultant; and automobiles owned, leased, or used by the Consultant. The coverage shall contain no special limitations on the scope of protection

afforded to City or its officers, employees, agents, contractors, consultants, or volunteers.

- b. The insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.
- c. An endorsement must state that coverage is primary insurance with respect to the City and its officers, officials, employees, contractors, consultants, and volunteers, and that no insurance or self-insurance maintained by the City shall be called upon to contribute to a loss under the coverage.
- d. Any failure of CONSULTANT to comply with reporting provisions of the policy shall not affect coverage provided to CITY and its officers, employees, agents, and volunteers.
- e. An endorsement shall state that coverage shall not be suspended, voided, or canceled by either party, reduced in coverage or in limits, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

- 3.3 **Waiver.** The Risk Manager of the City has the authority to waive or vary any provision of this Section 3. Any such waiver or variation shall not be effective unless made in writing.

Section 4. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES. Consultant shall indemnify, defend with counsel reasonably acceptable to the City, and hold harmless the City and its officials, officers, employees, agents, contractors, consultants, and volunteers from and against any and all losses, liability, claims, suits, actions, damages, and causes of action arising out of any personal injury, bodily injury, loss of life, or damage to property, or any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct or negligent acts or omissions of Consultant or its employees, subcontractors, or agents, by acts for which they could be held strictly liable, or by the quality or character of their work. The foregoing obligation of Consultant shall not apply when (1) the injury, loss of life, damage to property, or violation of law arises wholly from the negligence or willful misconduct of the City or its officers, employees, agents, contractors, consultants, or volunteers and (2) the actions of Consultant or its employees, subcontractor, or agents have contributed in no part to the injury, loss of life, damage to property, or violation of law. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Section 5. STATUS OF CONSULTANT.

- 5.1 **Independent Contractor.** At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of City. City shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement and assignment of personnel pursuant to Subparagraph 1.3. Otherwise, City shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this

Agreement. Notwithstanding any other City, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of City and entitlement to any contribution to be paid by City for employer contributions and/or employee contributions for PERS benefits.

- 5.2 **Consultant No Agent.** Except as City may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind City to any obligation whatsoever.
- 5.3 **Nondiscrimination and Equal Opportunity.** Consultant shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Consultant under this Agreement. Consultant shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of Consultant thereby.

Consultant shall include the provisions of this Subsection in any subcontract approved by the City or this Agreement.

Section 6. TERMINATION AND MODIFICATION.

- 6.1 **Termination.** City may terminate this Agreement at any time and without cause upon written notification to Consultant.

In the event of termination, Consultant shall be entitled to compensation for services performed prior to the effective date of termination as provided in Section 2. City, however, may condition payment of such compensation upon Consultant delivering to City any or all documents, photographs, computer software, video and audio tapes, and other materials provided to Contract or prepared by or for Consultant or the City in connection with this Agreement.

- 6.2 **Extension.** City may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. Any such extension shall require a written amendment to this Agreement, as provided for herein. Consultant understands and agrees that, if City grants such an extension, City shall have no obligation to provide Consultant with compensation beyond the maximum amount provided for in this Agreement. Similarly, unless authorized by the City, City shall have no obligation to reimburse Consultant for any otherwise reimbursable expenses incurred during the extension period.

- 6.3 **Amendments.** The parties may amend this Agreement only by a writing signed by all the parties.

- 6.4 **Contract Administration.** This Agreement shall be administered by Greg Armendariz, Public Works Director/City Engineer who is authorized to act for, and on behalf of, City. All correspondence shall be directed to or through the Contract Administrator or his or her designee.

- 6.5 **Notices.** Any written notice to Consultant shall be sent to:
CalRecovery, Inc.
Attn: Linda Eggerth
2454 Stanwell Dr.
Concord, CA 94520

Any written notice to City shall be sent to:
City of Milpitas
Attn: Elizabeth Koo, Administrative Analyst
455 East Calaveras Boulevard
Milpitas, California 95035

6.6 Exhibits. All exhibits referenced in this Agreement are incorporated by reference herein.

CITY OF MILPITAS

CONSULTANT

Charles Lawson, City Manager

CalRecovery, Inc.

ATTEST:

Mary Lavelle, City Clerk

Taxpayer Identification Number

APPROVED AS TO FORM:

Steven T. Mattas, City Attorney

APPROVED AS TO CONTENT:

Greg Armendariz, Public Works Director/City Engineer

APPROVED AS TO FISCAL AUTHORITY:

Emma Karlen, Finance Director

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Exhibit A: Scope of Work

Exhibit B: Compensation

EXHIBIT A

SCOPE OF WORK

The Consultant shall provide an independent audit, and prepare a report to 1) provide an opinion of the accuracy of cash receipts reported by Allied that was used as the basis for the City franchise compensation, 2) confirm reasonableness of the franchise compensation paid to City, 3) perform selected tests of Allied customer billings to confirm accuracy of charges, and 4) review completeness of customer billings. The audit shall cover calendar years 2002, 2003 and 2004 (Allied uses calendar years, the City uses fiscal years).

The scope of work shall, at a minimum, include the following tasks:

- 1) **Determine Cash Revenues used as the basis for Milpitas Franchise Compensation.** Work shall include gathering data from the City, Allied, and Allied independent auditor; meetings with City, Allied staff, and Allied independent auditor; review of relevant data and reports; and evaluation of the reasonableness of the information. Deliverables shall be a summary of the cash receipts relevant to City franchise compensation for customers billed by Allied, and an opinion on the relative completeness and reasonableness of the reported receipts.
- 2) **Confirm Reasonableness of City Solid Waste Franchise Compensation.** Based on cash receipts, the consultant shall determine if compensation complies with the requirements of the City franchise agreement. Deliverables shall include a summary of the findings, including total compensation due by type and source, and any recommendations for adjustments to the actual compensation received by the City. Support information for any recommended adjustments shall be included.
- 3) **Verify Accuracy of Customer Charges.** The City wishes to have selected tests of customer billings completed to confirm that commercial customers are being properly billed for services provided. The current Allied customer invoice provides limited information on itemized charges for services provided. Total charges result from a combination of type of service (front end bin or roll off collection), size of container, frequency of pickup, and optional charges including bin rental and push/return fees. Charges are assessed using standard charge tables (found in the latest agreement between Allied and City). The consultant shall collect data and perform tests on a minimum of twenty (20) accounts of varying sizes. Accounts selected should include at least eight (8) shopping centers that have multiple types and frequency of pickup services. The consultant shall obtain concurrence with the City of the selected accounts prior to proceeding with the detailed evaluation. Deliverables shall include an opinion of the verification on the accuracy of the Allied invoices for customer services provided by Allied, and any recommendations for additional evaluations or improvements.
- 4) **Review Billings Address Database.** Perform audit of both City and Allied customer billings to confirm that customer service addresses are valid and are being appropriately billed. The City code requires owners of premises within the City to procure solid waste services. Tests to evaluate customers including those along the City boundary should be completed, at a minimum, to verify services are being provided and properly invoiced. Deliverables shall include an opinion of the completeness of billing, and any recommendations for changes and/or further evaluation.
- 5) **Prepare and Submit Report.** The report shall summarize the purpose of the audit, describe the methods used to perform the evaluation, describe the findings and any recommendations. Supporting documentation shall be included. The audit shall be summarized in clear, easy to understand language. The results will be used, among other things, to document compliance with the City's compensation provisions identified in the City franchise agreement, or to recommend

steps to bring the process and compensation into compliance. A copy of the draft shall be reviewed with Allied prior to submittal to the City. At least one draft shall be submitted to the City for review and comments by the City. One presentation of the findings shall be provided to City staff. Five (5) copies of the draft report shall be submitted by May 5, 2006. The final report shall be submitted two (2) weeks upon receipt of City comments. The term of the Agreement shall end on June 30, 2006.

EXHIBIT B
COMPENSATION

Task	CalRecovery, Inc.					Slater Moffat		Totals	
	Diaz	Savage	Eggerth	Analyst	Technical Support	Slater	CPA	Hours	Cost
<i>Billing Rate (\$/hr)</i>	\$160	\$160	\$130	\$75	\$60	\$200	\$120		
1. Determine cash revenues used as the basis for Milpitas franchise compensation	10		44		4	20	28	106	\$14,920
2. Confirm reasonableness of City solid waste franchise compensation.	6		20		4	4	4	38	\$5,080
3. Verify accuracy of customer charges.	4	10	64		20			98	\$11,760
4. Review billings address database.	8		28		20			56	\$6,120
5. Prepare and submit report.	10		16	6		4	4	40	\$5,410
Total Labor	38	10	172	6	48	28	36	338	\$43,290
Other direct costs									\$1,600
Total									\$44,890